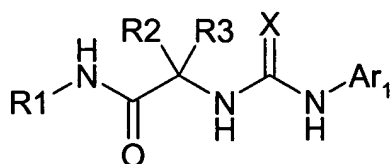


IN THE CLAIMS:

Please enter any changes in the claims indicated in the complete copy of the pending claims, as sought to be amended, presented below:

1. (Currently Amended) A compound of Formula 1:



Formula 1

wherein:

R₁ is selected from cycloalkyl and ~~heterocycloalkyl~~, aryl and ~~heteroaryl~~,

wherein R₁ is optionally substituted with one or more substituents R_a,

wherein R_a is independently selected from the group consisting of alkyl, halo, haloalkyl, nitro, alkenyl, alkynyl, alkoxy, -(R₇)_nNR₈R₉ (wherein R₇ is selected from ~~alkyl~~ alkylene, ~~alkoxy~~ alkylene oxide, and ~~oxyalkyl~~ oxyalkylene, R₈ and R₉ can be independently selected from H, and alkyl, or R₈ and R₉ can join together such that NR₈R₉ form a 5 or 6-member heterocyclic ring, and *n* is selected from 0 and 1), and the substituent R_a is optionally further substituted with one or more substituents selected from the group consisting of alkyl, alkoxy, halo, cyano, alkanoyl, haloalkyl, thioalkyl and nitro, -(R₇)_nNR₈R₉, wherein R₇, R₈, R₉, and *n* are as defined above.

R₂ and R₃ are: a) independently selected from the group consisting of H, alkyl, haloalkyl, aralkyl optionally substituted aryl, optionally substituted heteroaryl and optionally substituted, saturated or unsaturated, 5- or 6-membered, homocyclic or heterocyclic rings wherein the optional substituent may be selected from the group consisting of H, alkyl, alkoxy, and halo;

or

b) ~~join together to form a 3, 4, 5, 6 or 7 member spirocyclic ring;~~

X is ~~selected~~ selected from O, S, NH and NCN;

Ar₁ is phenyl and is optionally substituted with one or more substituents R_b,

wherein the substituent(s) R_b are independently selected from the group consisting of alkyl, alkoxy, alkanoyl, nitro halo, haloalkoxy, -(R₇)_nNR₈R₉, -S(O)₂NR₁₀R₁₁ and -O-(CH₂)_mNR₁₀R₁₁ (wherein R₇ is selected from alkyl, alkoxy, and oxyalkyl, R₈ and R₉ can be independently selected from H, and alkyl, or R₈ and R₉ can join together such that NR₈R₉ form a 5 or 6-member heterocyclic ring, and *n* is selected from 0, 1, 2, 3, 4 and 5 and R₁₀ and R₁₁ are independently selected from H, or alkyl, or R₁₀ and R₁₁ can join together such that NR₁₀R₁₁ to form a 5 or 6-member heterocyclic ring and *m* is selected from 1, 2, 3, 4 and 5) and;

the substituent R_b is optionally further substituted with one or more substituents selected from the group consisting of alkyl, alkoxy, halo, cyano, alkanoyl, haloalkyl, thioalkyl, nitro, -(R₇)_nNR₈R₉ wherein R₇, R₈, R₉ and *n* are as described above,

with the proviso that Ar₁ does not have a substituent at the 2-position selected from the

following groups, nitro, haloalkyl, ~~cyano, -C(O)R₁₂-C(O)OR₁₂, -C(O)NR₁₂R₁₃,~~

~~S(O)R₁₂-S(O)R₁₂~~ and -S(O)₂NR₁₂R₁₃ (wherein R₁₂ and R₁₃ are independently selected from H and alkyl), and,

the ~~second~~ proviso that Ar₁ does not have an alkanoyl substituent at the 4 position,

and a salt solvate or hydrate thereof.

2. **(Currently Amended)** A compound of claim 1 wherein Ar₁ is substituted with one or more substituents, R_b R_a, wherein the substituent(s) R_b R_a are selected from the group consisting of alkyl, alkoxy, nitro, acetyl, halo, haloalkyl, -S(O)₂NR₁₀R₁₁, -O-(CH₂)_nNR₁₀R₁₁, wherein R₁₀ and R₁₁ are independently selected from H, or alkyl, or R₁₀ and R₁₁ can join together such that NR₁₀R₁₁ form a 5 or 6 member heterocyclic ring.

3. **(Currently Amended)** A compound of claim 2 wherein there are two substituents R_b R_c , independently selected from the group consisting of nitro, methoxy, and ethoxy.
4. **(Currently Amended)** A compound of claim 3 wherein the two substituents R_b R_c are a nitro substituent at the 5-position and a methoxy substituent at the 2-position.
5. **(Currently Amended)** A compound as defined in claim 1 wherein R_1 is optionally substituted and is selected from the group consisting of phenyl, naphthyl, tetrahydro-naphthyl, and indanyl, ~~quinoliny and pyridyl~~.
6. **(Original)** A compound of claim 5 wherein R_1 is indanyl.
7. **(Original)** A compound of claim 5 wherein R_1 is optionally substituted pyridyl wherein the substituent(s) R_a are selected from the group consisting of alkyl, and haloalkyl.
8. **(Original)** A compound of claim 5 wherein R_1 is optionally substituted phenyl wherein the substituent(s) R_a are selected from the group consisting of alkyl, halo, haloalkyl, nitro, vinyl, alkoxy, $-(R_7)_nNR_8R_9$ wherein R_7 is selected from alkyl, alkoxy, and oxyalkyl, R_8 and R_9 can be independently selected from H, and alkyl, or R_8 and R_9 can join together such that NR_8R_9 form a heterocyclic ring, and n is selected from 0 and 1.
9. **(Original)** A compound of claim 8 wherein R_1 is selected from mono or di-substituted phenyl with the substituents selected independently from the group consisting of alkyl, halo and haloalkyl.
10. **(Currently Amended)** A compound as defined in claim 1 wherein R_2 and R_3 are independently selected from, H, alkyl, haloalkyl, aralkyl, optionally substituted aryl, optionally substituted heteroaryl and optionally substituted saturated or unsaturated 5 or 6-membered homocyclic, or heterocyclic rings.
11. **(Original)** A compound as defined in claim 10 wherein R_2 and R_3 are selected independently from H, phenyl, 3-thiophene, sec-butyl, 3,4-difluorophenyl, cyclohexyl, 3-trifluoromethylphenyl, t-butyl, isopropyl, methyl, benzyl, trifluoromethyl.
12. **(Canceled)**.
13. **(Currently Amended)** A compound of claim 1 selected from the group consisting of:

- 2-[3-(2-methoxy-5-nitro-phenyl)-thioureido]- *N*-(2-indanyl)-2-(3-thienyl) acetamide **E42.2**;
2-[3-(2-methoxy-5-nitro-phenyl)-thioureido]- *N*-(3,4-dimethylphenyl)-2-phenyl acetamide
E32.2;
2-[3-(2-methoxy-5-nitro-phenyl)-ureido]- *N*-(3,4-dimethylphenyl)-2-phenyl acetamide **E32.5**;
(*R*)-2-[3-(2-methoxy-5-nitro-phenyl)-thioureido]- *N*-(3,4-dimethylphenyl)-2-phenyl acetamide
E33.1*;
2-[3-(2-methoxy-5-nitro-phenyl)-ureido]- *N*-(2-indanyl)-2-(3-thienyl) acetamide **E42.1**;
~~(*R*)-2-[3-(2-nitro-5-methoxy-phenyl)-ureido]- *N*-(2-indanyl)-2-phenyl~~ *R*-*N*-(indan-5-yl)-2-[3-(2-
methoxy-5-nitro-phenyl)-ureido]2-phenyl acetamide **E29.1***;
~~(*R*)-2-[3-(2-nitro-5-methoxy-phenyl)-ureido]- *N*-(4-chlorophenyl)-2-phenyl~~ *R*-2-[3-(2-methoxy-
5-nitro-phenyl)-ureido]-*N*-(4-chlorophenyl)-2-phenyl acetamide **E4.1**; and
(*R*)-2-[3-(2-methoxy-5-nitro-phenyl)-ureido]- *N*-(3-trifluoromethylphenyl)-2-phenyl acetamide
E31.2.
14. (**Original**) A pharmaceutical composition comprising a therapeutically effective amount of a compound of claim 1 and a pharmaceutically acceptable carrier.
15. (**Original**) A method for treating a patient having a medical condition for which a glycine transport inhibitor is indicated, comprising the step of administering to a patient a pharmaceutical composition as described in claim 14.
16. (**Original**) A method according to claim 15 wherein the medical condition is schizophrenia, cognitive dysfunction, or Alzheimer's disease.
17. (**New**) A pharmaceutical composition of claim 14 wherein Ar₁ is substituted with one or more substituents, R_b, wherein the substituent(s) R_b are selected from the group consisting of alkyl, alkoxy, nitro, acetyl, halo, haloalkyl, -S(O)₂NR₁₀R₁₁, -O-(CH₂)_nNR₁₀R₁₁, wherein R₁₀ and R₁₁ are independently selected from H, or alkyl, or R₁₀ and R₁₁ can join together such that NR₁₀R₁₁ form a 5 or 6 member heterocyclic ring.

18. (New) A pharmaceutical composition of claim 14 wherein there are two substituents R_b , independently selected from the group consisting of nitro, methoxy, and ethoxy.
19. (New) A pharmaceutical composition of claim 14 wherein the two substituents R_b are a nitro substituent at the 5-position and a methoxy substituent at the 2-position.
20. (New) A pharmaceutical composition of claim 14 wherein R_1 is optionally substituted and is selected from the group consisting of phenyl, naphthyl, tetrahydro-naphthyl and indanyl
21. (New) A pharmaceutical composition of claim 14 wherein R_2 and R_3 are independently selected from, H, alkyl, haloalkyl, aralkyl, optionally substituted aryl, optionally substituted heteroaryl and optionally substituted saturated or unsaturated 5 or 6-membered homocyclic, or heterocyclic rings.